

Mineral Revenue Collections

January - March 1997



Photo courtesy of Bucyrus-Erie Company

U.S. Department of the Interior
Bruce Babbitt, Secretary

Land and Minerals Management
Bob Armstrong, Assistant Secretary

Minerals Management Service
Cynthia Quarterman, Director

Royalty Management Program
Lucy Querques Denett, Associate Director



Please visit our Internet site at <http://www.mms.gov> for an on-line copy of this report
and other mineral publications.

If you would like additional copies of this report or if you have inquiries, please contact:

Steve Rawlings
Minerals Management Service
Royalty Management Program, Mail Stop 3062
P.O. Box 25165
Denver, CO 80225-0165

(303) 231-3230

Contents

	<u>Page</u>
Executive Summary	v
Products and Units of Measurement	vi
About This Report	vii
Notice	x
National Summary	1
Offshore Federal Mineral Revenues	5
Onshore Federal Mineral Revenues	11
Indian Mineral Revenues	21
Glossary	27
Appendix	31

Figures

1. Revenues from Federal and Indian leases by source, January - March, 1996 and 1997	3
2. Royalties from Federal and Indian leases by commodity, January - March, 1996 and 1997	4
3. Map of OCS regions in current OCS oil and gas leasing program	8
4. OCS royalties as a percentage of total Federal and Indian royalties from oil and gas, January - March, 1997	8

Contents (cont.)

	<u>Page</u>
Figures (cont.)	
5. Revenues from OCS leases by source, January - March, 1996 and 1997	9
6. Royalties from OCS leases by commodity, January - March, 1996 and 1997	10
7. Revenues from Federal onshore leases by source, January - March, 1996 and 1997	19
8. Royalties from Federal onshore leases by commodity, January - March, 1996 and 1997	20
9. Revenues from Indian leases by source, January - March, 1996 and 1997	25
10. Royalties from Indian leases by commodity, January - March, 1996 and 1997	26

Tables

1. Revenues from Federal and Indian mineral leases in the United States, January - March, 1997	2
2. Revenues from Federal and Indian mineral leases in the United States, January - March, 1996	2
3. Summary of royalties, rents, bonuses, and other revenues from OCS mineral leases, January - March, 1997	6
4. Summary of royalties, rents, bonuses, and other revenues from Federal onshore mineral leases, January - March, 1997	12
5. Summary of royalties, rents, and other revenues from Indian mineral leases, January - March, 1997	22

Executive Summary

Revenues from mineral leases on Federal and Indian lands rose 70 percent, or \$740.4 million, for the period January through March 1997, in comparison with the period January through March 1996 (tables 1 and 2, and figure 1). The increase was primarily attributed to higher oil and gas prices during the first 3 months of 1997 in contrast with the first 3 months of 1996. Additional bonus collections from competitive lease sales further contributed to the growth in revenues.

Offshore revenues increased \$613.1 million, or 80.8 percent, during the two corresponding periods. Royalties were up \$382.1 million and bonus collections rose \$187.2 million (tables 1 and 2, and figure 5).

Federal onshore revenues increased \$107.3 million, or 40.1 percent during the same period. Royalties jumped \$75.4 million and bonus receipts rose \$21.7 million (tables 1 and 2, and figure 7).

Indian revenues were up \$20 million, or 61.8 percent during the period. An increase in royalty and other revenue collections was offset, in part, by a small decline in rental income (tables 1 and 2, and figure 9).

Coal Summary

Oversupply and low prices characterized the western coal industry in the early months of 1997. The electric utility sector is the largest consumer of coal in the United States. Demand for electricity fell in March as a result of milder winter weather at the end of the heating season. Although demand was down in early 1997, electric utility demand for low-sulfur Western coal has generally increased in recent years with the implementation of sulfur emission standards set by the Clean Air Act Amendments of 1990. Coal from the Powder River Basin in Wyoming was test burned in plants owned by Carolina Power and Light in January.

Combined royalties from Federal and Indian coal were down 12.3 percent, or \$12.5 million in the first

3 months of 1997 when compared with the same period in 1996 (tables 1 and 2, and figure 2).

Natural Gas Summary

Gas prices rose significantly in 1996. The year began with a large price surge and ended with an even larger price surge due to unusually cold weather that depleted natural gas inventories.

Gas prices began to fall in January and February of 1997 with milder winter weather and improved gas inventories. Overall storage levels in major consuming regions were above corresponding levels during the same period in 1996.

Prices in the first 3 months of 1997, however, remained well above prices in the first 3 months of 1996, resulting in an increase in Federal and Indian gas royalties of 69.6 percent, or \$328.7 million (tables 1 and 2, and figure 2).

Oil Summary

Average prices for crude oil generally rose in 1996, peaking in January 1997 at the highest level since 1990. Prices fell in February and March 1997 as demand for heating oil and other petroleum products declined due to warmer weather in the United States and Europe.

Supplies from both the Organization of Petroleum Exporting Countries (OPEC) and non-OPEC producers continued to grow in February and March out-pacing demand. Iraqi production, under a United Nations agreement, further added to the surplus of oil. Sour crude prices fell sharply in March due to expectations that sour crude imports from South America, the Middle East, and Canada would increase in mid-1997.

Federal and Indian oil royalties were up 40.7 percent, or \$136.4 million from the first 3 months of 1996 to the first 3 months in 1997 (tables 1 and 2, and figure 2).

Products and Units of Measurement

<u>Product</u>	<u>Unit of Measurement</u>
Amethyst	Grams
Carbon Dioxide	Mcf (thousand cubic feet)
Coal	Short tons (2,000 pounds)
Copper	Short tons
Gas	Mcf
Gas Plant Products	Gallons
Geothermal Steam and Hot Water	Millions of British thermal units (MBTU's)
Helium	Mcf
Nitrogen	Mcf
Oil	Barrels (42 U.S. gallons)
Phosphate	Short tons
Potash	Short tons
Quartz Crystals	Pounds
Sand and Gravel	Cubic yards or short tons
Sodium	Short tons
Sulfur	Long tons (2,240 pounds) or short tons
All Other Solid Minerals	Short tons

NOTE: Sulfur is reported as either a fluid or solid mineral based on the method of extraction. Fluid mineral sulfur is produced by extracting the product from the oil and gas stream. All onshore sulfur and a limited amount of offshore sulfur are currently produced from the oil and gas stream. Solid mineral sulfur is extracted using the Frasch process. The majority of offshore sulfur is produced using the Frasch mining method.

Sodium product figures include sodium borate and carbonate compounds.

Copper reported in pounds has been converted to short tons in this report.

About This Report

The Mineral Revenue Collections report provides information addressing royalty, rent, bonus, and other revenue receipts from Federal and Indian leases. The Minerals Management Service (MMS) Royalty Management Program distributes the report on a quarterly basis to Congressional Federal State, Indian, and industry representatives.

Some information in this report necessarily includes estimated data that may change after publication. Numbers in parentheses may include current year collections, credits, and prior-year adjustments.

Mineral Lease Revenues

The report addresses four types of lease revenues: bonuses, rents, minimum royalties, and royalties.

- **Bonuses** — Leases issued in areas known to contain minerals are awarded through a competitive bidding process. Bonuses represent the cash amount successfully bid to win the rights to a lease.
- **Rents** — A rent schedule is established at the time a lease is issued. Rents are annual payments, normally a fixed dollar amount per acre, required to preserve the rights to a lease while the lease is not in production.
- **Minimum Royalties** — A Federal lease may further contain a minimum royalty provision. Minimum royalty is the annual payment, on a per acre basis, required to maintain the rights to a lease until production exceeds a minimum value. Once annual production exceeds the minimum value, minimum royalty payments are no longer required in that year.

Minimum royalties are included under the entry “Other Revenues” in this report. “Other Revenues” include settlement payments, gas storage fees, estimated payments, and recoupments in addition to minimum royalties.

- **Royalties** — A royalty is due when production begins. Royalty payments represent a stated share or percentage of the amount or the value of the mineral produced. The royalty may be an established minimum, a step-scale, or a sliding scale. A step-scale royalty rate increases by steps as the average production on the lease increases. A sliding-scale royalty rate is based on average production and applies to all production from the lease.

Sales Volume and Sales Value

Sales volume represents the quantity reported sold during the year. Sales value represents the dollar value of the commodity reported sold during the year.

Selected sales volume and sales value figures in the annual ***Mineral Revenues*** report are adjusted to resolve distortions created by payors reporting on communitization and unitization agreements, nonstandard leases and agreements, and prior-period adjustments. Time and resource constraints preclude a similar adjustment of sales volume and sales value in this quarterly report series.

Revenue Collections and Disbursements

Revenues collected from mineral leases on Federal lands are distributed to States, to the U.S. Department of the Treasury (Treasury), and to a number of designated special-purpose accounts administered by Federal agencies, depending on the land category and the applicable law involved. The Bureau of Indian Affairs (BIA) disburses revenues collected from Indian leases to the appropriate Indian Tribes and allottees.

Royalty payments are generally due on the last day of the month following the month of production, unless

that day falls on a weekend or holiday. Payments are then due on the first business day of the following month.

Since 1983, MMS has generally disbursed mineral revenues derived from leases on public domain lands and shared with the States in the month following receipt of the payment. Disbursements are made under the provisions of section 104 of the Federal Oil and Gas Royalty Management Act of 1982 which amended the revenue disbursement provisions of the Mineral Leasing Act of 1920 (MLA), 30 U.S.C. 191. The MMS deposits Indian revenues in accounts administered by the Office of Trust Funds Management (OTFM) where they are invested and subsequently distributed to Indian Tribes and allottees by BIA. Since revenues collected in one month are disbursed in the following month, collection totals in a given year will not equal disbursement totals for the same year.

The MMS administers mineral leases from different land categories. Legislation and regulations govern formulas for the disbursement of revenues from these leases.

- **Offshore Lands** — Royalty, rent, and bonus revenues from Federal offshore mineral leases on the Outer Continental Shelf (OCS) are deposited to the General Fund of the Treasury through miscellaneous receipts. Under other applicable laws, specified amounts from total offshore revenues are transferred to the Land and Water Conservation Fund (LWCF) and the National Historic Preservation Fund (NHPF).

The LWCF, primarily administered by the National Park Service, provides revenues for the Federal Government, State governments, and local governments to purchase parks and recreation areas and to plan, acquire, and develop land and water resources for recreational use. Offshore mineral leasing provides approximately 70-90 percent of LWCF revenues.

The NHPF, administered by the National Park Service, is designed to expand and accelerate historic preservation plans and activities. The NHPF provides revenues for matching grants-in-aid to States and local governments, and funds

the National Trust for Historic Preservation. Offshore mineral leasing provides 100 percent of NHPF revenues.

Section 8(g) of the Outer Continental Shelf Lands Act (OCSLA) Amendments of 1978 provided that the States were to receive a “fair and equitable” division of revenues generated from the leasing of lands within 3 miles of the seaward boundary of a coastal State containing one or more oil and gas pools or fields underlying both the OCS and lands subject to the jurisdiction of the State.

The States and the Federal Government, however, could not reach agreement concerning the meaning of the term “fair and equitable.” Revenues generated within the 3-mile boundary were placed into an escrow fund beginning in August 1979. Revenues from the Beaufort Sea in Alaska were placed into a second escrow fund under section 7, beginning in December 1979.

Congress resolved the dispute over the meaning of “fair and equitable” in the OCSLA Amendments of 1985, Public Law 99-272. The law provides for the following distribution of section 8(g) revenues to the States:

- Disbursement of escrow funds in Fiscal Years (FY) 1986-87;
- A series of annual settlement payments disbursed to the States over a 15-year period from FY 1987 to FY 2001; and
- Recurring annual disbursements of 27 percent of royalty, rent, and bonus revenues received within each affected State’s 8(g) zone.

Congress passed a second law, Public Law 100-202, permitting distribution of \$322.9 million in section 7 Beaufort Sea escrow funds to Alaska in FY 1988.

- **Public Domain Lands** — The majority of Federal lands are in the public domain. Under section 35 of MLA, States other than Alaska receive 50 percent of all royalties, rents, and bonuses collected from any public domain leases located within their respective boundaries.

Forty percent of remaining mineral revenues is deposited in the Reclamation Fund administered by the Bureau of Reclamation. The Reclamation Fund provides revenues to build, maintain, and operate water and associated power projects on arid and semiarid Western lands. Federal onshore mineral leasing provides approximately 40-50 percent of Reclamation Fund revenues.

The remaining ten percent of mineral revenues from public domain leases is directed into the General Fund of the Treasury through miscellaneous receipts.

Alaska receives 90 percent of all royalties, rents, and bonuses paid for mineral production on public domain leases in Alaska. The State also receives 50 percent of all mineral revenues generated from the National Petroleum Reserve Alaska.

- **Acquired Lands** — The MMS collects all royalties, rents, and bonuses from leases issued under the Mineral Leasing Act for Acquired Lands of 1947, 30 U.S.C. 351 *et seq.*, on behalf of a number of Federal agencies. Revenues are disbursed according to laws applicable to the lands.

Seventy-five percent of mineral receipts from leases on acquired lands within a national forest administered by the U.S. Department of Agriculture is distributed to the General Fund of the Treasury. The remaining 25 percent is distributed to the State in which the lease is located.

Seventy-five percent of mineral revenues from leases on acquired lands within a national grassland administered by the U.S. Department of Agriculture is distributed to the General Fund of the Treasury. The remaining 25 percent is distributed to the county in which the lease is located.

Seventy-five percent of mineral receipts from acquired Flood Control Act lands administered by the U.S. Army Corps of Engineers is distributed to the State in which the lease is located. The remaining 25 percent is distributed to the General Fund of the Treasury.

Mineral revenues derived from leases on acquired National Wildlife Refuge lands are shared with the

county in which the lease is located, according to one of three alternative formulas prescribed by statute. The remainder is deposited in the General Fund of the Treasury.

All mineral receipts generated from leases on acquired reclamation project lands are paid to the Reclamation Fund.

Mineral revenues collected from leases on acquired military lands issued before 1981 are deposited in the General Fund of the Treasury. Revenues collected from mineral leases on acquired military lands issued beginning January 1, 1981, are disbursed in the same manner as revenues from public domain leases.

Receipts from other acquired lands are deposited in a general Treasury account.

- **Indian Lands** — The BIA collects bonuses and rents from nonproducing leases. The MMS disburses mineral royalties and rents from producing Indian Tribal and allotted leases to OTFM. The BIA subsequently makes disbursements to Tribes and to individual Indian allottees, with the following exceptions:
 - Oil and gas payments to four Tribes—the Jicarilla Apache, the Blackfeet, the Navajo Nation, and the Southern Ute—are made directly by the lease payor to financial institutions contracted by the Tribes to receive their mineral payments.
 - The BIA has authorized payors to make direct payments to selected individual Indian allottees.
 - The Osage Nation manages all mineral leases on its Tribal lands and collects its own revenues.
 - Solid mineral royalties are paid directly to the applicable Tribes or to a designated BIA office.
- **Alaska Native Lands** — Payments to the Cook Inlet Region, Inc., in Alaska on behalf of Alaskan Natives for the interests the region holds in several former Federal leases, are made directly by lease payors to the corporation.

Notice

This report is designed to provide a general record of collection activity during the period. Some information in this report necessarily includes estimated data that may change after publication. The report is subsequently not intended to be a final accounting of collections or disbursements. Detailed disbursement information is available to all States through explanation of payment reports mailed monthly to each State office. Final annual collection and disbursement information is published in the annual *Mineral Revenues* report.

Selected sales volume and sales value data in this report have not been adjusted to resolve distortions created by payors reporting on communitization or unitization agreements, nonstandard leases and agreements, and prior-period adjustments. Sales volume and sales value information in the annual *Mineral Revenues* report is adjusted to accommodate these types of distortions. Time and resource constraints preclude adjustments in this quarterly report series.

Collections from Indian nonstandard leases and agreements are not included in this report. Collections from Indian nonstandard leases and agreements are included in the annual *Mineral Revenues* report. Again, time and resource constraints preclude the addition of this information in this report series.

National Summary



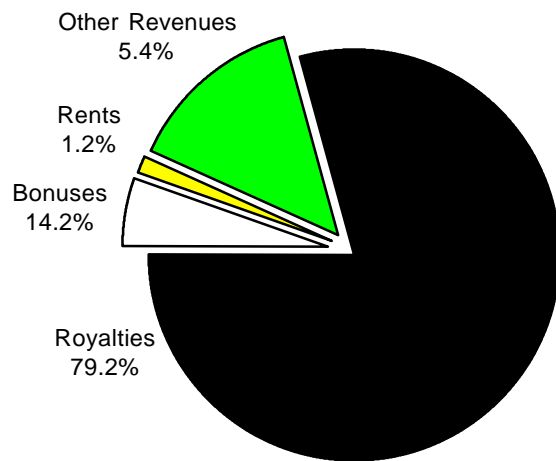
Photo courtesy of Amoco Corporation

Table 1. Revenues from Federal and Indian mineral leases in the United States, January - March, 1997

	Federal Offshore	Federal Onshore	Indian	Total
Coal Royalties	\$ ---	\$ 73,191,736	\$15,742,090	\$ 88,933,826
Gas Royalties	632,254,850	148,763,470	20,277,525	801,295,845
Oil Royalties	396,181,827	62,927,696	12,940,317	472,049,840
Other Royalties	<u>32,628,739</u>	<u>26,729,641</u>	<u>2,045,220</u>	<u>61,403,600</u>
Royalty Subtotal . .	\$1,061,065,416	\$311,612,543	\$51,005,152	\$1,423,683,111
Rents	\$ 12,783,858	\$ 9,487,892	\$ 153,405	\$ 22,425,155
Bonuses	\$ 219,513,134	\$ 36,718,529	\$ ---	\$ 256,231,663
Other Revenues	<u>\$ 78,380,488</u>	<u>\$ 16,851,161</u>	<u>\$ 1,138,352</u>	<u>\$ 96,370,001</u>
Total	\$1,371,742,896	\$374,670,125	\$52,296,909	\$1,798,709,930

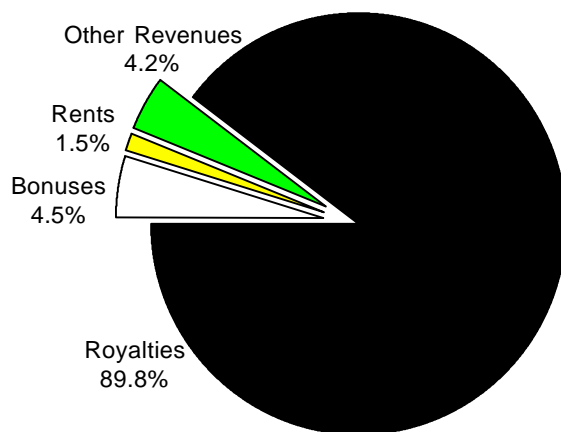
Table 2. Revenues from Federal and Indian mineral leases in the United States, January - March, 1996

	Federal Offshore	Federal Onshore	Indian	Total
Coal Royalties	\$ ---	\$ 82,449,140	\$19,011,810	\$ 101,460,950
Gas Royalties	387,942,587	77,714,676	6,905,852	472,563,115
Oil Royalties	273,447,063	52,981,200	9,183,700	335,611,963
Other Royalties	<u>17,588,719</u>	<u>23,051,279</u>	<u>568,328</u>	<u>41,208,326</u>
Royalty Subtotal . .	\$678,978,369	\$236,196,295	\$35,669,690	\$ 950,844,354
Rents	\$ 3,805,533	\$ 12,011,128	\$ 267,732	\$ 16,084,393
Bonuses	\$ 32,338,893	\$ 14,982,450	\$ ---	\$ 47,321,343
Other Revenues	<u>\$ 43,511,494</u>	<u>\$ 4,148,925</u>	<u>\$(3,624,432)</u>	<u>\$ 44,035,987</u>
Total	\$758,634,289	\$267,338,798	\$32,312,990	\$1,058,286,077



Royalties	\$1,423,683,111
Bonuses	256,231,663
Rents	22,425,155
Other Revenues	96,370,001
Total	\$1,798,709,930

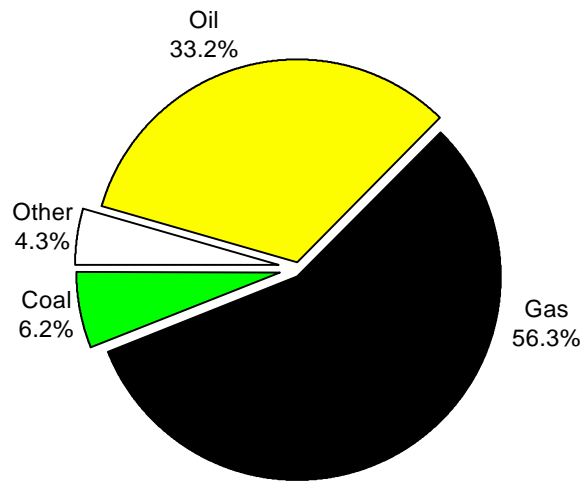
January - March, 1997



Royalties	\$ 950,844,354
Bonuses	47,321,343
Rents	16,084,393
Other Revenues	44,035,987
Total	\$1,058,286,077

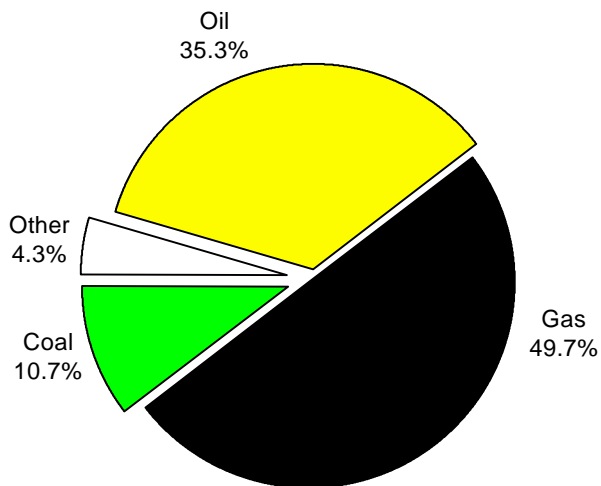
January - March, 1996

Figure 1. Revenues from Federal and Indian leases by source, January - March, 1996 and 1997



Coal	\$ 88,933,826
Gas	801,295,845
Oil	472,049,840
Other Royalties	61,403,600
Total	\$1,423,683,111

January - March, 1997



Coal	\$101,460,950
Gas	472,563,115
Oil	335,611,963
Other Royalties	41,208,326
Total	\$950,844,354

January - March, 1996

Figure 2. Royalties from Federal and Indian leases by commodity, January - March, 1996 and 1997

Offshore Federal Mineral Revenues



Photo courtesy of Amoco Corporation

Table 3. Summary of royalties, rents, bonuses, and other revenues from OCS mineral leases, January - March, 1997

	Sales Volume	Sales Value	Royalties/ Revenues
Gas			
Alabama	30,339,719	\$ 95,222,257	\$ 15,518,174
Alaska	---	---	---
California	8,806,343	31,253,125	4,874,282
Gulf of Mexico	140,376	507,473	80,870
Louisiana	973,057,047	2,956,756,191	481,009,328
Mississippi	678,000	2,206,251	467,490
Texas	<u>256,661,272</u>	<u>773,205,529</u>	<u>130,304,706</u>
Subtotal	1,269,682,757	\$3,859,150,826	\$632,254,850
Gas Lost			
California	---	\$ ---	\$ ---
Gulf of Mexico	---	---	---
Louisiana	32,105	97,399	12,410
Mississippi	---	---	---
Texas	<u>---</u>	<u>---</u>	<u>---</u>
Subtotal	32,105	\$ 97,399	\$ 12,410
Gas Plant Products			
Alabama	323,976	\$ 150,379	\$ 6,437
Alaska	---	---	---
California	7,057,204	3,739,834	242,604
Gulf of Mexico	---	---	---
Louisiana	436,971,316	206,074,717	28,503,281
Mississippi	---	---	---
Texas	<u>27,634,684</u>	<u>11,996,996</u>	<u>1,490,122</u>
Subtotal	471,987,180	\$ 221,961,926	\$ 30,242,444
Oil			
Alabama	8,011	\$ 54,957	\$ 9,150
Alaska	---	---	---
California	16,635,427	288,380,932	46,348,130
Gulf of Mexico	---	---	---
Louisiana	94,222,845	2,185,172,174	329,867,416
Mississippi	---	---	---
Texas	<u>5,365,251</u>	<u>126,248,320</u>	<u>19,957,131</u>
Subtotal	116,231,534	\$2,599,856,383	\$396,181,827
Oil Lost			
Louisiana	---	\$ ---	\$ ---
Texas	<u>---</u>	<u>---</u>	<u>---</u>
Subtotal	---	\$ ---	\$ ---

Table 3. Summary of royalties, rents, bonuses, and other revenues from OCS mineral leases, January - March, 1997 (cont.)

	Sales Volume	Sales Value	Royalties/ Revenues
Sulfur			
Alabama	5,767	\$ 369,167	\$ 26,755
California	657	996	36
Louisiana	<u>562,647</u>	<u>33,371,724</u>	<u>2,347,094</u>
Subtotal	569,071	\$ 33,741,887	\$ 2,373,885
Royalty Total		\$ 6,714,808,421	\$1,061,065,416
Rents			
Alabama			\$ ---
Alaska			---
Atlantic States			55,296
California			---
Florida			85,452
Gulf of Mexico			7,457,448
Louisiana			1,073,844
Mississippi			---
Texas			<u>4,111,818</u>
Rent Total			\$ 12,783,858
Bonuses			
Alabama			\$ ---
Alaska			---
Gulf of Mexico			132,849,086
Louisiana			---
Mississippi			---
Texas			<u>86,664,048</u>
Bonus Total			\$ 219,513,134
Other Revenues			
Alabama			\$ 1,864,663
Alaska			---
California			2,546,312
Gulf of Mexico			85,000
Louisiana			63,682,341
Mississippi			100,425
Texas			<u>10,101,747</u>
Other Revenues Total			\$ 78,380,488
Total Revenues			\$1,371,742,896

NOTE: Boundaries for offshore State areas have not been legally defined beyond the area identified in Section 8(g) of the Outer Continental Shelf Lands Act Amendments of 1985, Public Law 99-272. Beginning in 1996, revenues from new offshore leases issued in the Gulf of Mexico beyond the section 8(g) boundaries are listed in this report under "Gulf of Mexico." Revenues from leases issued within each State's 8(g) zone and leases previously identified with a particular State will continue to be listed under that State.

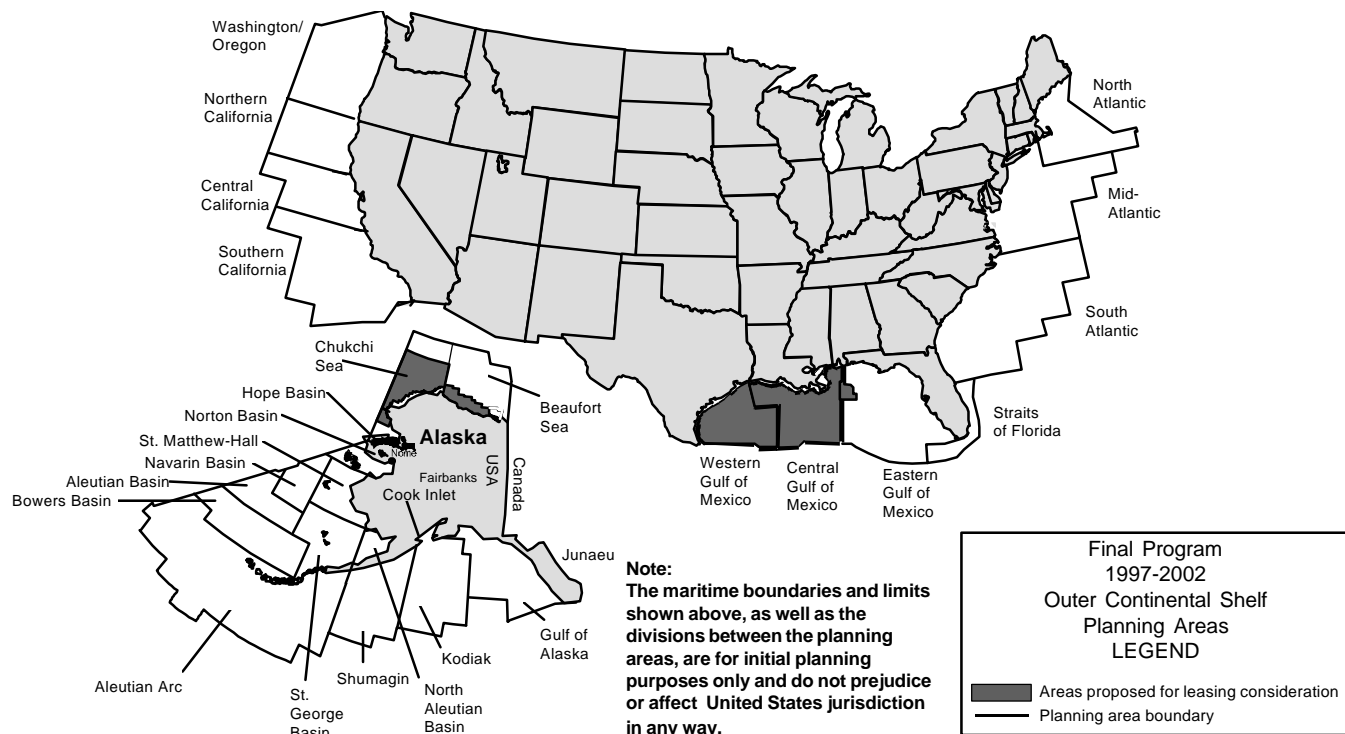


Fig. 3. Map of OCS regions in current OCS oil and gas leasing program

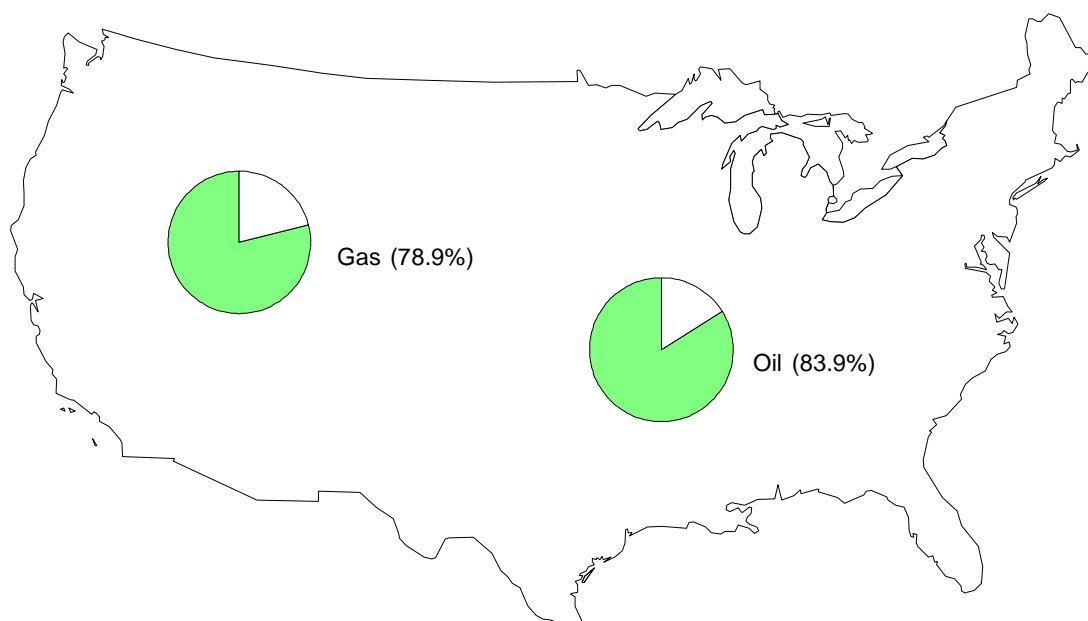
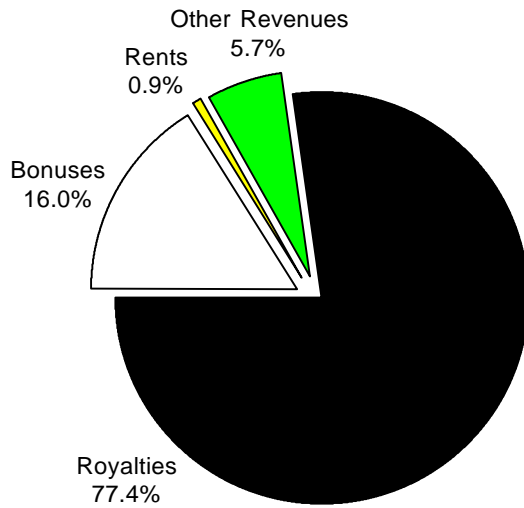
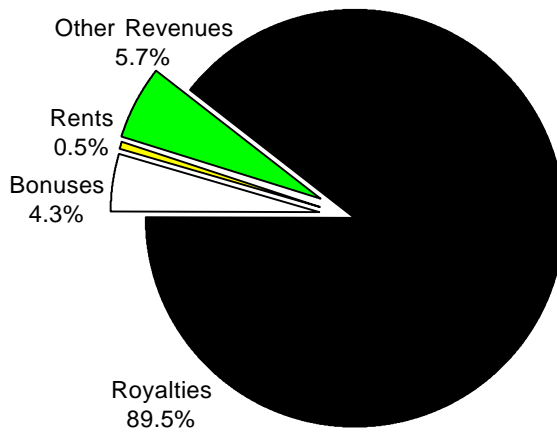


Figure 4. OCS royalties as a percentage of total Federal and Indian royalties from oil and gas, January - March, 1997



Royalties	\$1,061,065,416
Bonuses	219,513,134
Rents	12,783,858
Other Revenues	78,380,488
Total	\$1,371,742,896

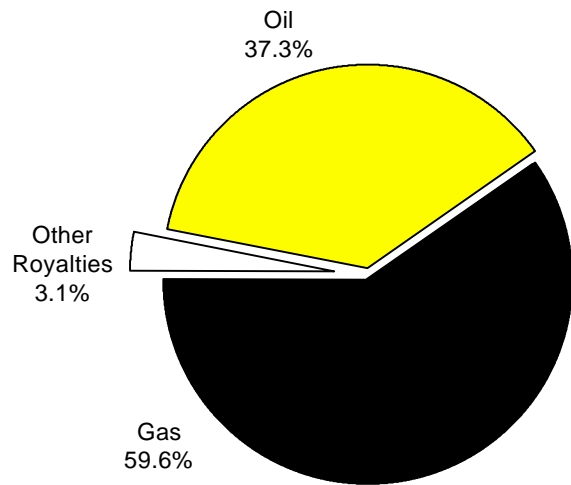
January - March, 1997



Royalties	\$678,978,369
Bonuses	32,338,893
Rents	3,805,533
Other Revenues	43,511,494
Total	\$758,634,289

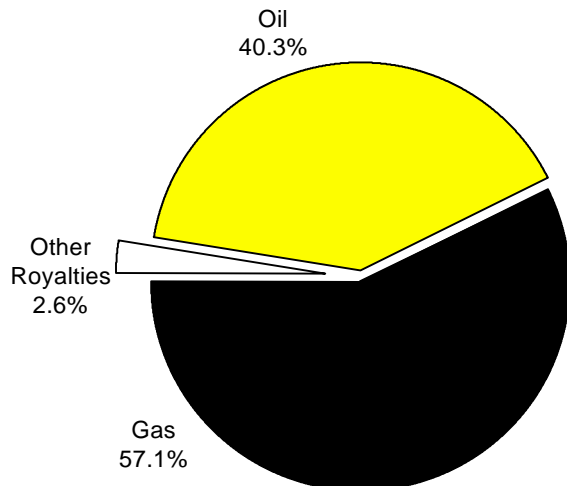
January - March, 1996

Figure 5. Revenues from OCS leases by source, January - March, 1996 and 1997



Gas	\$ 632,254,850
Oil	396,181,827
Other Royalties	32,628,739
Total	\$1,061,065,416

January - March, 1997



Gas	\$387,942,587
Oil	273,447,063
Other Royalties	17,588,719
Total	\$678,978,369

January - March, 1996

Figure 6. Royalties from OCS leases by commodity, January - March, 1996 and 1997

Onshore Federal Mineral Revenues



Photo courtesy of Amoco Corporation

Table 4. Summary of royalties, rents, bonuses, and other revenues from Federal onshore mineral leases, January - March, 1997

	Sales Volume	Sales Value	Royalties/ Revenues
<i>Carbon Dioxide</i>			
Colorado	67,171,957	\$ 40,139,072	\$ 1,889,168
New Mexico	3,827,362	1,488,454	185,059
Wyoming	<u>5,516,784</u>	<u>1,548,260</u>	<u>1,947</u>
Subtotal	76,516,103	\$ 43,175,786	\$ 2,076,174
<i>Clay</i>			
Alabama	16,557	\$ 33,114	\$ 1,322
Wyoming	<u>---</u>	<u>---</u>	<u>---</u>
Subtotal	16,557	\$ 33,114	\$ 1,322
<i>Coal</i>			
Alabama	(346)	\$ (13,838)	\$ (1,304)
Colorado	5,813,862	113,534,574	8,365,528
Kentucky	25,224	606,070	29,362
Montana.	6,672,460	69,110,512	8,626,740
New Mexico	2,278,877	59,162,471	7,367,584
North Dakota	989,381	8,976,743	353,594
Oklahoma	74,524	2,046,275	95,617
Utah	6,191,060	129,459,199	8,622,287
Washington	124,799	3,225,370	232,958
Wyoming	<u>60,635,262</u>	<u>323,494,147</u>	<u>39,499,370</u>
Subtotal	82,805,103	\$709,601,523	\$73,191,736
<i>Copper</i>			
Missouri	2,601	\$ 1,826,771	\$ 55,426
<i>Fluorspar</i>			
Illinois	---	\$ ---	\$ ---
<i>Gas</i>			
Alabama	292,839	\$ 805,123	\$ 101,557
Alaska	5,630,401	8,804,800	1,111,931
Arkansas	2,263,031	6,474,293	859,616
California	3,386,734	11,666,514	1,109,574
Colorado	<u>22,775,577</u>	<u>62,062,585</u>	<u>7,407,960</u>
Kansas	4,991,691	13,153,658	1,656,494
Kentucky	67,627	177,543	21,899
Louisiana	2,043,122	8,915,786	1,363,404
Michigan	1,854,189	5,972,979	744,047
Mississippi	85,326	329,815	51,308

Table 4. Summary of royalties, rents, bonuses, and other revenues from Federal onshore mineral leases, January - March, 1997 (cont.)

	Sales Volume	Sales Value	Royalties/ Revenues
Gas (cont.)			
Montana	2,678,554	\$ 7,217,998	\$ 842,846
New Mexico	253,356,944	682,409,421	78,212,153
New York	6,823	23,033	2,880
North Dakota	1,065,393	2,187,067	295,508
Ohio	234,769	640,847	78,217
Oklahoma	5,466,681	14,898,872	1,641,427
Pennsylvania	18,852	27,418	7,502
South Dakota	94,573	231,432	28,253
Tennessee	26	38	12
Texas	17,069,667	69,736,363	6,884,030
Utah	19,783,187	48,719,662	5,738,544
Virginia	114,064	412,298	52,337
West Virginia	610,610	2,361,045	293,911
Wyoming	<u>126,880,969</u>	<u>351,388,141</u>	<u>40,258,060</u>
Subtotal	470,771,649	\$1,298,616,731	\$148,763,470
Gas Lost			
California	29,415	\$ 49,444	\$ 6,181
New Mexico	<u>447</u>	<u>670</u>	<u>84</u>
Subtotal	29,862	\$ 50,114	\$ 6,265
Gas Plant Products			
Alabama	178	\$ 113	\$ 37
Alaska	87,947	78,272	6,631
California	1,051,111	508,848	48,921
Colorado	14,372,048	6,918,435	553,940
Kansas	1,413,397	769,016	72,463
Louisiana	3,408,308	1,683,046	149,805
Michigan	372,022	182,118	15,393
Montana	1,112,079	655,588	51,250
New Mexico	176,592,163	74,947,606	7,165,514
North Dakota	487,705	431,081	43,132
Oklahoma	156,733	74,844	8,541
Texas	1,602,808	589,385	72,186
Utah	8,933,383	3,596,259	291,895
Wyoming	<u>682,849,932</u>	<u>41,720,611</u>	<u>2,623,932</u>
Subtotal	892,439,814	\$ 132,155,222	\$ 11,103,640
Geothermal			
California	2,703,393	\$ 35,630,717	\$ 4,099,015
Nevada	487,084	10,832,759	1,117,799
Utah	<u>113,709</u>	<u>309,289</u>	<u>30,929</u>
Subtotal	3,304,186	\$ 46,772,765	\$ 5,247,743

Table 4. Summary of royalties, rents, bonuses, and other revenues from Federal onshore mineral leases, January - March, 1997 (cont.)

	Sales Volume	Sales Value	Royalties/ Revenues
<i>Gilsonite</i>			
Utah	384	\$ 146,661	\$ 10,738
<i>Hot Water</i>			
California	1,329,193	\$11,949,446	\$1,194,944
Nevada	540	2,059	206
New Mexico	4,166	5,165	517
Subtotal	1,333,899	\$11,956,670	\$1,195,667
<i>Langbeinite</i>			
New Mexico	157,728	\$12,770,172	\$ 255,403
<i>Lead</i>			
Missouri	75,481	\$40,907,247	\$1,095,870
<i>Limestone</i>			
Virginia	9,748	\$ 79,349	\$ 3,967
<i>Magnesium</i>			
Utah	8,544	\$ 148,744	\$ 4,462
<i>Nitrogen</i>			
North Dakota	85,483	\$ 11,968	\$ 1,496
Wyoming	11,730	53,886	5,684
Subtotal	97,213	\$ 65,854	\$ 7,180
<i>Oil</i>			
Alabama	17,042	\$ 382,714	\$ 47,674
Alaska	189,556	4,371,012	543,653
Arkansas	946	17,936	2,242
California	5,608,899	99,643,892	5,077,516
Colorado	1,468,675	35,383,382	4,680,926
Florida	1,494	33,758	4,220
Illinois	7,303	173,066	18,754
Kansas	98,369	2,286,978	237,297
Kentucky	2,812	65,891	1,481
Louisiana	148,875	2,865,854	315,244
Michigan	24,979	594,411	70,503
Mississippi	210,900	4,395,124	465,469
Montana	924,996	18,302,104	2,043,474
Nebraska	13,124	298,342	36,851

Table 4. Summary of royalties, rents, bonuses, and other revenues from Federal onshore mineral leases, January - March, 1997 (cont.)

	Sales Volume	Sales Value	Royalties/ Revenues
<i>Oil (cont.)</i>			
Nevada	243,925	\$ 4,422,284	\$ 526,565
New Mexico	7,742,305	178,569,791	17,500,431
North Dakota	1,383,120	30,218,244	3,645,015
Ohio	7,230	147,076	13,305
Oklahoma	54,327	1,195,187	127,885
South Dakota	58,187	1,284,322	160,006
Texas	211,097	4,377,509	512,660
Utah	1,157,022	24,101,019	2,603,762
West Virginia	3,927	72,879	9,110
Wyoming	<u>10,469,624</u>	<u>229,171,223</u>	<u>24,283,653</u>
Subtotal	30,048,734	\$642,373,998	\$ 62,927,696
<i>Oil Lost</i>			
New Mexico	---	\$ ---	\$ ---
Oklahoma	<u>---</u>	<u>---</u>	<u>---</u>
Subtotal	---	\$ ---	\$ ---
<i>Phosphate</i>			
Florida	---	\$ ---	\$ ---
Idaho	<u>561,156</u>	<u>9,702,379</u>	<u>485,119</u>
Subtotal	561,156	\$ 9,702,379	\$ 485,119
<i>Potash</i>			
California	3,341	\$ 340,472	\$ 14,690
New Mexico	301,127	22,681,441	453,629
Utah	<u>9,899</u>	<u>755,451</u>	<u>22,663</u>
Subtotal	314,367	\$ 23,777,364	\$ 490,982
<i>Purge Liquor</i>			
Wyoming	8,890	\$ 248,299	\$ 14,224
<i>Quartz Crystals</i>			
Arkansas	1,391	\$ 2,616	\$ 131
<i>Sand and Gravel</i>			
Nevada	661,699	\$ 3,108,495	\$ 134,287
<i>Sodium</i>			
Arizona	95	\$ 3,135	\$ 157
California	283,663	20,022,979	986,203
Colorado	16,981	2,431,971	121,599

Table 4. Summary of royalties, rents, bonuses, and other revenues from Federal onshore mineral leases, January - March, 1997 (cont.)

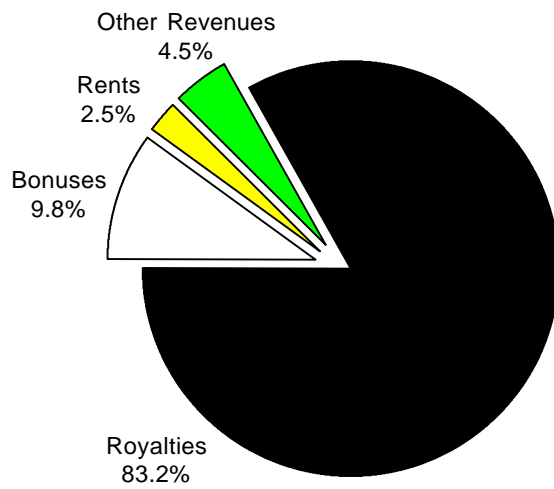
	Sales Volume	Sales Value	Royalties/ Revenues
Sodium (cont.)			
New Mexico	182,289	\$ 404,929	\$ 20,483
Utah	3,811	18,750	562
Wyoming	<u>659,649</u>	<u>55,560,363</u>	<u>3,149,473</u>
Subtotal	1,146,488	\$ 78,442,127	\$ 4,278,477
Sulfur			
Alabama	83	\$ 3,347	\$ 419
California	380	2,280	114
Montana	597	5,401	238
New Mexico	338	1,523	79
North Dakota	1,834	21,749	909
Wyoming	<u>19,381</u>	<u>503,119</u>	<u>7,245</u>
Subtotal	22,613	\$ 537,419	\$ 9,004
Trona Ore			
California	6,812	\$ 251,346	\$ 12,567
Wyoming	<u>6,159</u>	<u>384,771</u>	<u>19,849</u>
Subtotal	12,971	\$ 636,117	\$ 32,416
Zinc			
Illinois	---	\$ ---	\$ ---
Missouri	<u>14,383</u>	<u>6,412,385</u>	<u>221,144</u>
Subtotal	14,383	\$ 6,412,385	\$ 221,144
Royalty Total		\$3,063,547,922	\$311,612,543
Rents			
Alabama			\$ 13,873
Alaska			3,774
Arizona			27,114
Arkansas			14,854
California			122,182
Colorado			686,312
Florida			527
Idaho			13,335
Illinois			8,033
Indiana			---
Kansas			(1,271)
Kentucky			5,183
Louisiana			61,140
Maryland			---
Michigan			6,045

Table 4. Summary of royalties, rents, bonuses, and other revenues from Federal onshore mineral leases, January - March, 1997 (cont.)

	Sales Volume	Sales Value	Royalties/ Revenues
Rents (cont.)			
Minnesota			\$ 895
Mississippi			121,547
Missouri			853
Montana			448,163
Nebraska			771
Nevada			958,969
New Mexico			770,416
New York			----
North Carolina			----
North Dakota			273,356
Ohio			222
Oklahoma			99,228
Oregon			38,681
Pennsylvania			----
South Carolina			----
South Dakota			68,146
Tennessee			----
Texas			36,317
Utah			1,036,936
Virginia			1,324
Washington			7,028
West Virginia			248
Wisconsin			306
Wyoming			4,663,385
Rent Total			\$ 9,487,892
Bonuses			
Alabama			\$ 8,405
Arkansas			3,047
California			---
Colorado			1,212,185
Idaho			17,167
Kansas			160
Kentucky			---
Louisiana			165
Mississippi			926,894
Montana			120,372
Nebraska			---
Nevada			59,427
New Mexico			10,189,664
North Dakota			4,959,946
Ohio			---
Oklahoma			343,137
South Dakota			---

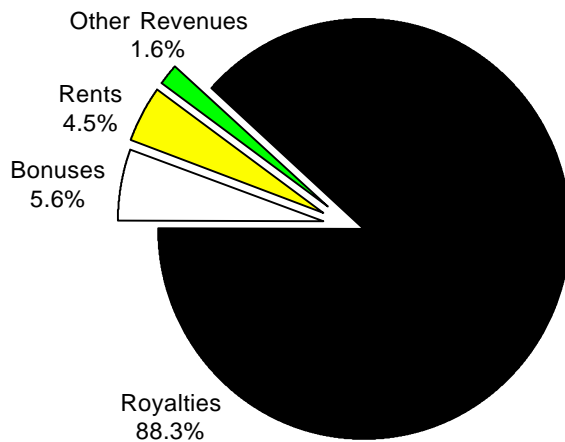
Table 4. Summary of royalties, rents, bonuses, and other revenues from Federal onshore mineral leases, January - March, 1997 (cont.)

	Sales Volume	Sales Value	Royalties/ Revenues
<i>Bonuses (cont.)</i>			
Texas			\$ 42,801
Utah			1,080,539
Washington			6,162
Wyoming			<u>17,748,458</u>
Bonus Total			\$ 36,718,529
<i>Other Revenues</i>			
Alabama			\$ 10,146
Alaska			96,754
Arizona			---
Arkansas			11,264
California			425,697
Colorado			337,124
Florida			---
Georgia			---
Idaho			4,056
Illinois			---
Kansas			(8,606)
Kentucky			8,674
Louisiana			285,842
Maryland			---
Michigan			24,724
Minnesota			---
Mississippi			(4,603)
Missouri			(138)
Montana			127,946
Nebraska			6,204
Nevada			23,286
New Mexico			9,120,511
North Carolina			474
North Dakota			540,259
Ohio			557
Oklahoma			70,707
Pennsylvania			3,641
South Dakota			(339)
Texas			6,027
Utah			383,234
Virginia			---
West Virginia			58,579
Wyoming			<u>5,319,141</u>
Other Revenues Total			\$ 16,851,161
Total Revenues			\$374,670,125



Royalties	\$311,612,543
Bonuses	36,718,529
Rents	9,487,892
Other Revenues	16,851,161
Total	\$374,670,125

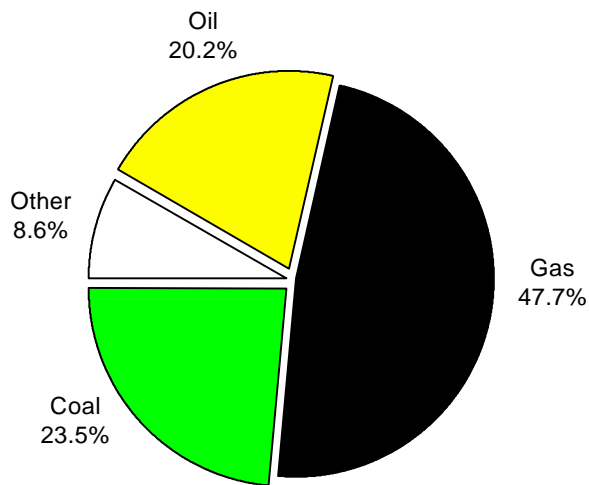
January - March, 1997



Royalties	\$236,196,295
Bonuses	14,982,450
Rents	12,011,128
Other Revenues	4,148,925
Total	\$267,338,798

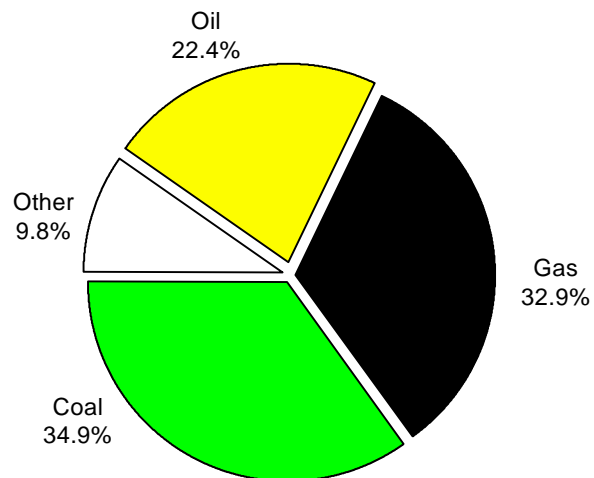
January - March, 1996

Figure 7. Revenues from Federal onshore leases by source, January - March, 1996 and 1997



Coal	\$ 73,191,736
Gas	148,763,470
Oil	62,927,696
Other Royalties	26,729,641
Total	\$311,612,543

January - March, 1997



Coal	\$ 82,449,140
Gas	77,714,676
Oil	52,981,200
Other Royalties	23,051,279
Total	\$236,196,295

January - March, 1996

Figure 8. Royalties from Federal onshore leases by commodity, January - March, 1996 and 1997

Indian Mineral Revenues



Photo courtesy of Bucyrus-Erie Company

Table 5. Summary of royalties, rents, and other revenues from Indian mineral leases, January - March, 1997

	Sales Volume	Sales Value	Royalties/ Revenues
Chat			
Oklahoma	27,779	\$ 27,779	\$ 8,334
Coal			
Arizona	2,613,760	\$ 59,750,552	\$ 7,468,819
Montana	1,556,913	9,092,370	817,515
New Mexico	<u>2,707,804</u>	<u>59,219,666</u>	<u>7,455,756</u>
Subtotal	6,878,477	\$128,062,588	\$15,742,090
Copper			
Arizona	5,632	\$ 3,922,933	\$ 477,421
Gas			
Arizona	22,191	\$ 51,393	\$ 7,665
Colorado	28,732,819	65,744,565	8,884,435
Montana	396,555	652,632	98,994
New Mexico	10,458,517	34,480,241	4,358,542
North Dakota	27,628	75,344	9,989
Oklahoma	6,905,253	15,925,864	2,669,292
Texas	2,843,033	10,792,787	2,112,074
Utah	1,447,729	4,852,060	748,348
Wyoming	<u>3,455,434</u>	<u>8,280,741</u>	<u>1,388,186</u>
Subtotal	54,289,159	\$140,855,627	\$20,277,525
Gas Lost			
Colorado	13,731	\$ 10,695	\$ 1,782
New Mexico	<u>70</u>	<u>158</u>	<u>20</u>
Subtotal	13,801	\$ 10,853	\$ 1,802
Gas Plant Products			
Colorado	278,576	\$ 123,648	\$ 11,401
Montana	56,879	32,375	1,799
New Mexico	15,294,371	6,430,340	556,895
North Dakota	44,455	26,993	2,115
Oklahoma	922,397	396,434	62,106
Utah	2,632,784	1,321,628	110,046
Wyoming	<u>78,264</u>	<u>41,442</u>	<u>1,742</u>
Subtotal	19,307,726	\$ 8,372,860	\$ 746,104
Gypsum			
New Mexico	108,799	\$ 435,196	\$ 100,095

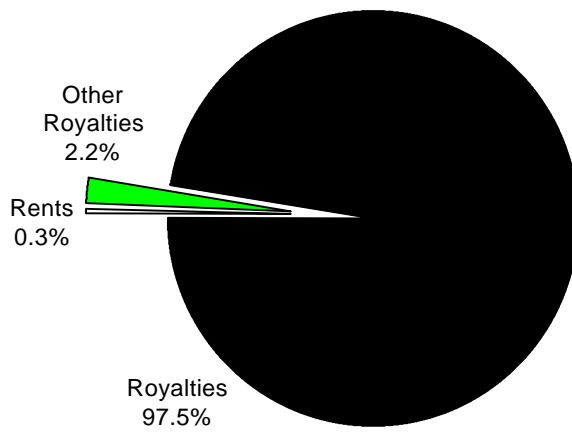
Table 5. Summary of royalties, rents, and other revenues from Indian mineral leases, January - March, 1997 (cont.)

	Sales Volume	Sales Value	Royalties/ Revenues
<i>Limestone</i>			
Oklahoma	49,438	\$ 212,089	\$ 5,438
<i>Oil</i>			
Arizona	13,320	\$ 316,298	\$ 51,562
Colorado	41,705	923,149	139,771
Michigan	123	2,648	365
Montana	158,896	3,502,132	545,626
New Mexico	191,727	4,837,669	727,575
North Dakota	19,746	433,590	63,101
Oklahoma	510,066	11,686,537	1,742,537
South Dakota	1,535	26,345	5,269
Texas	227,373	5,563,059	1,089,103
Utah	1,971,469	45,610,921	7,013,927
Wyoming	<u>361,279</u>	<u>7,476,539</u>	<u>1,561,481</u>
Subtotal	3,497,239	\$ 80,378,887	\$12,940,317
<i>Oil Lost</i>			
Colorado	1	\$ 20	\$ 2
<i>Phosphate</i>			
Idaho	1,691	\$ 49,097	\$ 3,682
<i>Sand and Gravel</i>			
Arizona	506,465	\$ 2,483,733	\$ 379,266
California	277,949	1,588,261	249,834
Nevada	73,279	329,154	25,179
New Mexico	22,129	56,871	15,469
Oklahoma	4,615	8,585	2,420
Utah	---	---	---
Washington	<u>58,051</u>	<u>115,061</u>	<u>27,908</u>
Subtotal	942,488	\$ 4,581,665	\$ 700,076
<i>Silica Sand</i>			
Arizona	5,183	\$ 116,618	\$ 2,281
<i>Sulfur</i>			
North Dakota	(18)	\$ (124)	\$ (15)
Royalty Total		\$367,026,088	\$51,005,152

Table 5. Summary of royalties, rents, and other revenues from Indian mineral leases, January - March, 1997 (cont.)

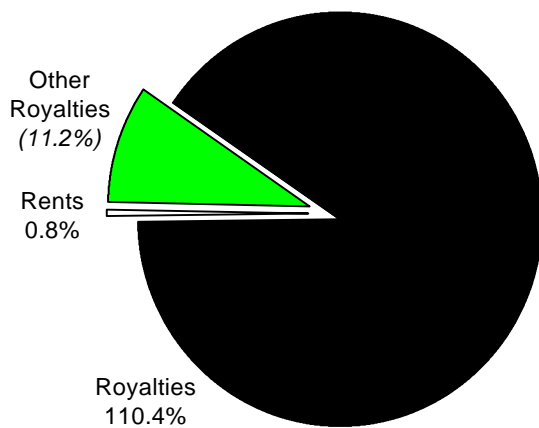
	Sales Volume	Sales Value	Royalties/ Revenues
Rents			
Arizona			\$ 50,710
California			---
Colorado			2,993
Idaho			---
Michigan			120
Montana			(3,571)
New Mexico			50,798
North Dakota			582
Oklahoma			22,843
South Dakota			---
Utah			23,684
Wyoming			5,246
Rent Total			\$ 153,405
Other Revenues			
Arizona			\$ 274,276
California			30,000
Colorado			1,379,955
Idaho			61,164
Montana			164,137
Nevada			(15,000)
New Mexico			(2,668,040)
North Dakota			(1,819)
Oklahoma			717,574
Texas			126,207
Utah			132,138
Washington			2,984
Wyoming			934,776
Other Revenues Total			\$ 1,138,352
Total Revenues			\$52,296,909

NOTE: Revenues do not include sales volume, sales value, or revenues for Indian non-standard leases and agreements.



Royalties	\$51,005,152
Rents	153,405
Other Revenues	1,138,352
Total	\$52,296,909

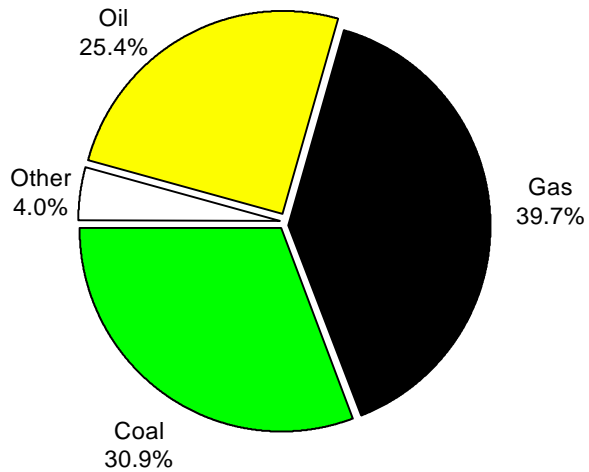
January - March, 1997



Royalties	\$35,669,690
Rents	267,732
Other Revenues	(3,624,432)
Total	\$32,312,990

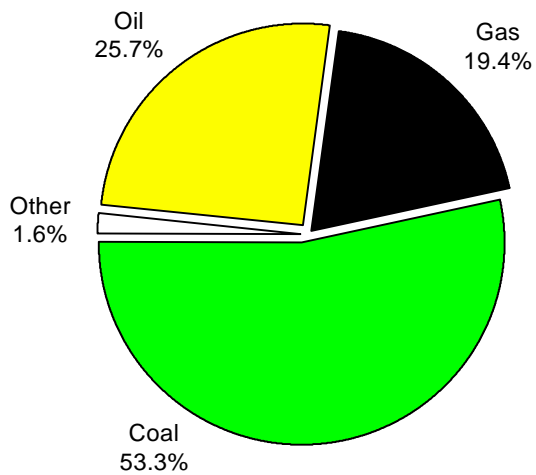
January - March, 1996

Figure 9. Revenues from Indian leases by source, January - March, 1996 and 1997



January - March, 1997

Coal	\$15,742,090
Gas	20,277,525
Oil	12,940,317
Other Royalties	2,045,220
Total	\$51,005,152



January - March, 1996

Coal	\$19,011,810
Gas	6,905,852
Oil	9,183,700
Other Royalties	568,328
Total	\$35,669,690

Figure 10. Royalties from Indian leases by commodity, January - March, 1996 and 1997

Glossary

Acquired lands — Lands in Federal ownership that the Government obtained by deed through purchase, gift, exchange, or condemnation proceedings.

Allowance — An allowable deduction from value for royalty purposes.

Auditing and Financial System — A computer system application operated by the Minerals Management Service for collecting and disbursing royalties from producing leases and rents from nonproducing leases on Federal and Indian lands.

Barrel/bbl — A measure of volume for petroleum products. One barrel is equivalent to 42 U.S. gallons or 0.1589 cubic meters. One cubic meter equals 6.293 barrels.

BIA — Bureau of Indian Affairs. A Federal agency within the Department of the Interior responsible for facilitating the full development of the human and natural resource potential of Indian and Alaskan Native people to manage their own affairs under a trust relationship with the Federal Government.

Bonus — The cash consideration paid to the United States by the successful bidder for a mineral lease. The payment is made in addition to the rent and royalty obligations specified in the lease.

Bureau of Land Management — A Federal agency within the Department of the Interior that administers public lands and natural resources. Bureau of Land Management programs provide for the protection, orderly development, and use of public lands and resources under principles of multiple use and sustained yield.

Business Information System — A computer system application operated by the Minerals Management Service. The Business Information System is an enhanced version of the former State and Tribal Support System and is compatible with the

post-Business Systems Planning Implementation architecture. The Business Information System provides States, Indian Tribes, and other Federal agencies access to Auditing and Financial System data and selected Production Accounting and Auditing System data.

Competitive leasing — The Federal Government issues leases on Federal onshore lands where there are known mineral deposits, or where inference of probable mineralization may be derived from knowledge of the geology of the land. The lands are offered for lease by competitive bidding following publication of the offer of the lands for lease. The lease is issued to the highest bidder at a sale by public auction. The Federal Government offers leases of certain Outer Continental Shelf tracts by competitive sealed bid. The bids are received, announced, and recorded and the lease is generally issued to the highest bidder. See **Noncompetitive leasing**.

Department of the Interior — A Cabinet-level department in the Executive Branch of the Federal Government, responsible for the administration of most of the nationally owned public lands and natural resources. The Department of the Interior is further responsible for American Indian reservation communities and for individuals who live in Island Territories under U.S. administration.

Effective date — The date a lease or assignment becomes effective. The effective date for a lease is the first day of the month after the issue date or, upon applicant request, the first day of the month of issuance. The effective date for an assignment is the first day of the month after proper filing of all required documents.

Electronic data interchange — A process designed to exchange information electronically to reduce paper report volume, reduce errors and expedite error correction, and provide a more current database.

Explanation of payment reports — A series of reports produced by the Minerals Management Service Royalty Management Program, mailed twice each month to Indian Tribes and once each month to States. The reports for Indian allottees are produced and distributed twice each month by the Bureau of Indian Affairs with information supplied by the Royalty Management Program. The reports address the source and nature of mineral revenue disbursements.

Federal land — All land and interests in land owned by the Federal Government, including Outer Continental Shelf, public domain, acquired, and military lands.

Federal Oil and Gas Royalty Simplification and Fairness Act — Public Law 104-185, 110 Stat. 1700, enacted to amend the Federal Oil and Gas Royalty Management Act of 1982 and revise Minerals Management Service procedures in several respects.

Federal Oil and Gas Royalty Management Act of 1982 — Public Law 97-451, 30 U.S.C. 1701 *et seq.*, enacted to ensure that royalties from oil and gas produced from Federal and Indian lands and the Outer Continental Shelf are properly collected and accounted for under the direction of the Secretary of the Interior.

FY — Fiscal Year. A period of time used for accounting purposes. The Federal Government recognizes a fiscal year that begins October 1 of one year and ends September 30 of the following year.

Indian allotment — An allocation of a parcel of public lands or Indian reservation lands to an Indian for individual use. Revenue from mineral production from leases on Indian allotments is paid to the individual Indian allottee. See **Indian allottee**.

Indian allottee — Any Indian who holds title to land or an interest in land subject to Federal restrictions against alienation. See **Indian allotment**.

Indian land — Lands owned by Indians, including either Tribal lands held in trust by the United States or subject to Federal restrictions against alienation, or allotted land owned by an individual Indian with

Federal restrictions against alienation. The Bureau of Indian Affairs monitors Indian leases.

Lease — A legal document executed between a landowner, as lessor, and a company or individual, as lessee, that conveys the right to exploit the premises for minerals or other products for a specified period of time over a given area.

LWCF — Land and Water Conservation Fund. The Land and Water Conservation Act of 1965 created a fund, primarily administered by the National Park Service, to provide revenues for the Federal Government, State governments, and local governments to purchase parks and recreation areas and to plan, acquire, and develop land and water resources for recreational use. Approximately 10-30 percent of the legislated yearly minimum of \$900 million is provided through revenues from surplus property sales and receipts from the motorboat fuels tax. The remaining 70-90 percent of the legislated yearly minimum is provided from offshore mineral leasing under the provisions of the Outer Continental Shelf Lands Act, as amended.

Mcf — Thousand cubic feet.

Military acquired lands — Lands acquired with military funds under military acquisition laws.

Mineral — Naturally occurring organic or inorganic substances with characteristics and uses that bring them within the purview of mineral laws. Minerals may be obtained under applicable laws from public lands by purchase, lease, or preemptive entry.

Mineral Leasing Act for Acquired Lands of 1947, as amended, 30 U.S.C. 351 *et seq.* — An act that extends mineral leasing laws, including the Mineral Leasing Act of 1920 and subsequent amendments, to all lands acquired by the United States and authorizes mineral leasing on those lands. Mineral leases on acquired lands cannot be issued without the concurrence of the acquiring agency. The act requires disbursement of mineral receipts from acquired lands in the manner prescribed by legislation governing the type of land in question, including acquired national grasslands, and acquired national forest lands. See **MLA**.

Minimum royalty — An annual payment on a per-acre basis, required to maintain the rights to a lease until production exceeds a minimum value. Once annual production exceeds the minimum value, minimum royalty payments are no longer required in that lease year.

MLA — Mineral Leasing Act of 1920, as amended, 30 U.S.C. 181 *et seq.* An act, with subsequent amendments, that promotes the production of coal, gas, oil, oil shale, phosphate, potassium, and sodium on Federal public domain lands. The act establishes procedures to explore and develop each of these minerals and specifies terms and conditions for issuing permits and leases. Rental and royalty terms are specified for each mineral, and general conditions are established for pipeline right-of-way, lease diligence, royalty disposition, and holding restrictions. The act requires sharing royalty and other lease revenues with the States. The Secretary of the Interior is authorized to promulgate rules and regulations to implement and enforce the act.

MMS — Minerals Management Service. A Federal agency within the Department of the Interior that administers the Offshore Minerals Management Program and the Royalty Management Program. The Offshore Minerals Management Program is responsible for the Outer Continental Shelf leasing program and for ensuring that exploration and production of the Nation's offshore mineral resources is conducted in a safe manner with concern for the environment. The Royalty Management Program is responsible for the accurate and timely determination, collection, and distribution of royalties from Federal and Indian lands, and bonuses and rents from Federal lands.

Net profit share lease — An Outer Continental Shelf lease that provides for payment to the United States of a percentage share of the net profits for production of oil and gas from the tract. The percentage share may be fixed in the notice of the lease sale or may be a variable of the bid, depending on the bidding system used for the lease sale.

NHPF — National Historic Preservation Fund. A fund, currently administered by the National Park Service, designed to expand and accelerate historic preservation plans and activities. NHPF provides

revenues for matching grants-in-aid to States and local governments, and funds the National Trust for Historic Preservation. Offshore mineral leasing provides 100 percent of fund revenues.

Noncompetitive leasing — Leases issued to qualified applicants for land not specifically known or presumed to contain mineral or petroleum deposits in quantity. See **Competitive leasing**.

OCS — Outer Continental Shelf. All submerged lands seaward and outside the area of lands beneath navigable waters. Lands beneath navigable waters are interpreted as extending from the coastline 3 nautical miles into the Arctic Ocean, the Atlantic Ocean, the Pacific Ocean, and the Gulf of Mexico, excluding the coastal waters off Texas and western Florida. Lands beneath navigable waters are interpreted as extending from the coastline more than 3 marine leagues into the Gulf of Mexico off Texas and western Florida.

OCSLA — Outer Continental Shelf Lands Act of 1953, as amended, 43 U.S.C. 1331 *et seq.* An act that establishes procedures for U.S. jurisdiction of the Outer Continental Shelf lands and authorizes the Secretary of the Interior to issue exploration permits and mineral leases for oil, gas, sulfur, and other mineral resources on those lands. The Secretary is authorized to implement alternative bidding systems, including net profit share leases, to promote development of marginal oil and gas deposits. Significant amendments were enacted into the original law in 1978 and 1985. See **Net profit share lease**.

OPEC — Organization of Petroleum Exporting Countries. Current members follow: Algeria, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela.

Operator — The individual, partnership, firm, or corporation having control or management of operations on a leased area or portion thereof. The operator may be the lessee, designated agent of the lessee, a holder of rights under an approved operation agreement, or an agent of an operating rights holder.

OTFM — Office of Trust Funds Management. OTFM is responsible for professional, technical, and

managerial leadership of financial activities, programs, and functions associated with funds held in trust for individual Indians and Indian Tribes.

Production Accounting and Auditing System — An integrated system of both automated and manual applications operated by the Minerals Management Service to collect production and other operational data, and to ensure that royalties are paid on 100 percent of reported production.

Public lands — Any land and interest in land owned by the United States and administered by the Secretary of the Interior through the Bureau of Land Management and the Minerals Management Service, without regard to the manner through which the United States acquired ownership, except (1) lands located on the Outer Continental Shelf, and (2) lands held for the benefit of Indians, Aleuts, and Eskimos. The Bureau of Land Management considers acquired lands to be a category of public lands. The Minerals Management Service distinguishes public domain lands from acquired lands for purposes of various statutory revenue distributions. See **Acquired lands**.

Rent — Periodic payments made by the holder of a lease, during the primary lease term, for the right to use the land or resources for purposes established in the lease.

Report month — The month in which the Minerals Management Service receives production, sales, or royalty reports from operators and lessees.

Royalty — Payment, in value (money) or in kind (a volume of the commodity), of a stated proportionate interest in production from mineral deposits by the lessees to the lessor. The royalty rate may be an established minimum, a step-scale, or a sliding-scale. A step-scale royalty rate increases by steps as

the average production on the lease increases. A sliding-scale royalty rate is based on average production and applies to all production from the lease.

Royalty-in-kind — A program operated under the provisions of the Mineral Leasing Act of 1920, as amended, and the Outer Continental Shelf Lands Act of 1953, as amended. The Federal Government, as lessor, may take part or all of its oil and gas royalties “in kind” (a volume of the commodity) as opposed to “in value” (money). Under the oil royalty-in-kind program, the Government sells oil at fair market value to eligible refiners who do not have access to an adequate supply of crude oil at equitable prices. In addition, the Mineral Management Service conducted a gas royalty-in-kind pilot program in 1995, entering into contracts to sell selected Gulf of Mexico natural gas by competitive bid to gas marketers. The pilot program was designed to reduce the administrative burden for both industry and the Government.

Sales value — Proceeds received for the sale of a mineral.

Sales volume — The volume of mineral production measured at the royalty settlement point determined by the Bureau of Land Management for onshore production and the Minerals Management Service for offshore production.

Treasury — Department of the Treasury. A Cabinet-level department in the Executive Branch of the Federal Government responsible for the financial resources of the United States. The Treasury is responsible for regulating national banks, determining international economic policy, collecting income taxes and customs duties, reporting Government daily financial transactions, and manufacturing coins and bills for circulation.

Appendix

Inch-Pound/Metric Conversion

Measurements in this report use English (inch-pound) units. Federal and industry organizations are moving towards International System Units, often referred to as metric units. The following table provides factors for converting measurements to inch-pound or metric units. To obtain the metric equivalent, multiply the inch-pound unit by the conversion factor. To obtain the inch-pound equivalent, multiply the metric unit by the conversion factor.

To convert from inch-pound unit	Multiply by	To equal metric unit
acre	0.4047	hectare
barrel (42 U.S. gallons)	0.1589	cubic meter
barrel (42 U.S. gallons)	0.136	metric ton
cubic foot	0.0283	cubic meter
gallon	3.785	liter
mile	1.609	kilometer
ton, long (2,240 U.S. lb.)	1.016	metric ton
ton, short (2,000 U.S. lb.)	0.9072	metric ton
 To convert from metric unit	 Multiply by	 To equal inch-pound unit
cubic meter	6.293	barrel (42 U.S. gallons)
cubic meter	35.33	cubic foot
hectare	2.471	acre
kilometer	0.6215	mile
liter	0.2642	gallon
metric ton	7.33	barrels (42 U.S. gallons)
metric ton	0.9843	long ton (2,240 U.S. lb.)
metric ton	1.1023	short ton (2,000 U.S. lb.)



As the Nation's principal conservation agency, the Department of the Interior has responsibility for most of our nationally owned public lands and natural resources. This includes fostering sound use of our land and water resources; protecting our fish, wildlife, and biological diversity; preserving the environmental and cultural values of our national parks and historical places; and providing for the enjoyment of life through outdoor recreation. The Department assesses our energy and mineral resources and works to ensure that their development is in the best interests of all our people by encouraging stewardship and citizen participation in their care. The Department also has a major responsibility for American Indian reservation communities and for people who live in island territories under U.S. administration.



As a bureau of the Department of the Interior, the Minerals Management Service's (MMS) primary responsibilities are to manage the mineral resources located on the Nation's Outer Continental Shelf (OCS), collect revenue from the Federal OCS and onshore Federal and Indian lands, and distribute those revenues.

Moreover, in working to meet its responsibilities, the **Offshore Minerals Management Program** administers the OCS competitive leasing program and oversees the safe and environmentally sound exploration and production of our Nation's offshore natural gas, oil and other mineral resources. The MMS **Royalty Management Program** meets its responsibilities by ensuring the efficient, timely and accurate collection and disbursement of revenue from mineral leasing and production due to Indian tribes and allottees, States and the U.S. Treasury.

The MMS strives to fulfill its responsibilities through the general guiding principles of: (1) being responsive to the public's concerns and interests by maintaining a dialogue with all potentially affected parties and (2) carrying out its programs with an emphasis on working to enhance the quality of life for all Americans by lending MMS assistance and expertise to economic development and environmental protection.